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C O N F I D E N T I A L ZAGREB 000932

SIPDIS

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SUBJECT: CROATIA: ON THE ROAD TO EU MEMBERSHIP

Classified By: DCM Patrick Moon for reasons 1.5(b) and (d).

Summary

1. (C) Croatia is clearly headed toward being named a candidate for EU membership at the June 17-18 EU Summit. However, we expect that the EU leaders will postpone a decision on setting a date to begin accession negotiations for a range of reasons, not all related to Croatia. Italy, Slovenia and the UK have Croatia-specific concerns (ICTY and maritime sovereignty issues) while other members are reportedly concerned about enlargement fatigue and linkages to Turkey's status. End Summary.

SAA Ratifications and the Avis

2. (SBU) When the European Commission presented a positive avis on Croatia on April 20, Croatian political leaders from all parties congratulated themselves on successfully achieving a key goal on the path to EU membership. The positive avis was in question up until only a few days earlier when ICTY Chief Prosecutor Carla del Ponte sent a glowing report to the EC citing Croatia's full cooperation with the Tribunal. As a result, the Netherlands has now sent forward its ratification, and the UK has started the process with every prospect, according to the British DCM, of ratifying the document before the EU Council meets June 17-18. According to our contacts here, the UK has not changed its views on Gotovina and holds the GOC responsible for the indicted's transfer to the ICTY.

Pre-Accession Negotiations

3. (C) Our colleagues from EU embassies are telling us that although the EU Council will certainly endorse the positive avis and accept Croatia as a candidate for membership, it will be in no hurry to set a date to begin negotiations. We are told to expect the Council, for various reasons, to put off a decision on setting a date to begin accession negotiations until at least the next summit in December and possibly until 2005. While the UK would argue that negotiations should not begin before Gotovina is in The Hague, other members are focused on issues such as Turkey, maritime sovereignty in the Adriatic, and enlargement fatigue.

4. (C) It now looks as though only Italy will not have ratified Croatia's SAA by the time of the June Summit. According to the Italian DCM, Rome is reluctant because of lack of progress in resolving issues related to Croatia's unilateral declaration last year of an exclusive ecological and fisheries zone in the Adriatic. The Italian DCM and Slovenian Ambassador told us that Croatia has been inflexible and in no mood for compromise in three rounds of trilateral talks on the zone. The Italian DCM said this was disappointing since it was clear that Croatia would eventually have to accept changes on use of the Adriatic as part of the EU accession process. The Slovenian Ambassador criticized Croatia for its failure to engage on the basis of methods common among EU members for resolving disputes.

5. (C) The Italian DCM specifically rejected any linkage between Rome's ratification of the SAA (or related issues) and the still unresolved bilateral issues on property restitution to Italians who left Croatia at the end of WWII. Despite several rounds of negotiations, Croatia still had not engaged seriously, and Rome was frustrated with Croatia's failure to address Italian concerns. While the DCM asserted that this issue would be treated outside the EU accession process, most observers and the Croatian press believe Italy is indeed linking progress on the property restitution issue to Italian support in the EU.

6. (C) Given the GOC's near total focus on EU membership, we are surprised to learn that the MFA has kept the Italians and Slovenians at arms length on the maritime issues since either Italy or Slovenia could block further progress in Brussels. While the relative newness of the Sanader government may be to blame for the lack of progress on these issues, we also suspect that the HDZ's nationalistic proclivities may be a more likely explanation for the lack of progress.

17. (C) Unfortunately, lack of progress in Italy,s discussions with Croatia on the property restitution issues may be affecting efforts by the U.S., Austria and others to negotiate bilateral agreements with the GOC to provide the basis for former Croatians to seek restitution for property seized since WWII. The GOC may be concerned that Italy might use any deal Croatia signs with another country against Zagreb to press for compromises on the more complicated and politically sensitive Italian claims.

18. (C) The Political Counselor at the EC Mission underscored with us that the Commission,s green light represents just one small step in what promises to be a long drawn out process. He dismissed any concern that a positive stance on the avis now would serve to reduce any leverage Brussels has over Croatia, particularly with respect to delivering Gotovina to The Hague. In fact, the EC,s leverage & goes up,8 he said. Brussels can apply the brakes anytime it deems appropriate. It would be unfair, he added, to insist that all & outstanding issues8 with Croatia had to be resolved before offering a positive judgment on the avis. Croatia has been a success story in the region, and not to acknowledge this success would have been the wrong message for the other countries and not have served the reform process.

Comment

19. (C) Sanader (and virtually all other political figures) will be very pleased with the June EU summit decision on Croatia,s candidacy as it definitively opens the door to membership and, importantly, to pre-accession funds from Brussels. Possibly anticipating an EU decision to postpone a decision on beginning pre-accession negotiations, Sanader has been downplaying the importance of attaining membership as soon as possible (2007 is the target most often cited publicly). This expectation-lowering approach is a prudent exercise for the savvy Sanader. The accession process will be fraught with difficult political decisions for the GOC and unpopular changes to domestic policies. As many of the other new EU members discovered during the accession process, you have to be careful what you wish for.
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